

CITY OF VENTURA

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2015

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Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	A 14
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 15
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 16
Notes to Financial Statements	17-25
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances-Budget and Actual (Cash Basis)-All Governmental Funds and Proprietary Funds	27
Notes to Other Information-Budgetary Reporting	28
Schedule of the City's Proportionate Share of the Net Pension Liability	29
Schedule of City Contributions	30
Notes to Other Information-Pension Liability	31-32
Supplementary Information:	<u>Schedule</u>
Schedule of Indebtedness	1 34
Bond and Note Maturities	2 35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	36-37
Schedule of Findings	38-40

CITY OF VENTURA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Art Tesar (resigned Jan 2015)	Mayor	Jan 2018
Lynn Benson-appointed	Mayor-interim	Jan 2016
Crystal Kay Meints	Council Member	Jan 2018
Darwin Avery	Council Member	Jan 2016
John Quintus	Council Member	Jan 2016
Brian Vaage	Council Member	Jan 2018
Mike Thackery	Council Member	Jan 2016
Else Taylor	City Administrator	July 2015
John Sorenson	Attorney	July 2015



Renner & Birchem, PC

Certified Public Accountants

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ventura, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the remaining fund information of City of Ventura as of June 30, 2015, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Ventura adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Ventura's basic financial statements. The supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the City's Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions on pages 6 through 12 and 27 through 32 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2015 on our consideration of City of Ventura's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Ventura's internal control over financial reporting and compliance.

November 19, 2015



Renner & Birchem, P.C.
Britt, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Ventura provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2015 FINANCIAL HIGHLIGHTS

- The cash basis net position of the City's governmental activities increased \$292,156 from fiscal year 2014 to fiscal year 2015. Property tax receipts increased \$5,423, other government receipts increased \$111,408 and disbursements increased \$901.
- The cash basis net position of the City's business type activities increased \$24,904.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the City's indebtedness.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, from \$956,054 to \$1,248,210. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities		
Receipts:	Year Ended	Year Ended
Program receipts:	June 30, 2015	June 30, 2014
Charges for service	\$ 42,961	41,854
Operating grants, contributions and restricted interest	94,886	91,147
Capital grants, contributions and restricted interest		19,400
General receipts:		
Property tax	537,633	532,210
Special assessments	275,946	241,143
Local option tax	111,217	100,536
Unrestricted interest	2,429	1,341
Other general receipts	134,772	55,382
Total receipts	1,199,844	1,083,013
Disbursements:		
Public safety	148,617	112,097
Public works	147,546	145,082
Health and social services	1,290	1,562
Culture and recreation	113,426	111,947
Community and economic development	7,219	8,662
General government	106,604	112,072
Debt service	338,406	346,797
Capital projects	44,580	68,568
Total disbursements	907,688	906,787
Change in cash basis net position	292,156	176,226
Cash basis net position beginning of year	956,054	779,828
Cash basis net position end of year	\$ 1,248,210	956,054

The cash basis net position increase of \$292,156 is primarily due to an increase in special assessment receipts of \$34,803. The City's total receipts for governmental activities increased 10.8% or \$116,831. The cost of all programs and services increased slightly, \$901, with no new programs added this year.

The cost of all governmental activities this year was approximately \$908,000 compared to approximately \$907,000 last year. However, as shown in the Statement of Activities and Net Position on page 14, the amount taxpayers ultimately financed for these activities was approximately \$770,000 because some of the cost was paid by those directly benefited from the programs (approximately \$43,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$95,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts.

Changes in Cash Basis Net Position of Business Type Activities		
	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 101,427	108,516
Sewer	37,996	37,516
General receipts:		
Unrestricted interest on investments	592	776
Total receipts	<u>140,015</u>	<u>146,808</u>
Disbursements:		
Water	81,340	150,503
Sewer	33,771	30,426
Total disbursements	<u>115,111</u>	<u>180,929</u>
Change in cash basis net position	24,904	(34,121)
Cash basis net position beginning of year	<u>169,993</u>	<u>204,114</u>
Cash basis net position end of year	<u>\$ 194,897</u>	<u>169,993</u>

Total business type activities cash basis net position increased from a year ago, increasing from \$169,993 at June 30, 2014 to \$194,897 at June 30, 2015.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Ventura completed the year, its governmental funds reported a combined fund balance of \$1,248,210, an increase of \$292,156 from last year's total of \$956,054. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$87,924 from the prior year to \$434,934. The City intends to use these receipts to help offset future property tax increases.
- The Special Revenue, Road Use Tax Fund cash balance increased by \$3,884 to \$57,733 during the fiscal year. The City intends to use this money to upgrade the condition of all city roads.
- The Special Revenue, Local Option Tax Fund cash balance increased \$30,617 to \$107,068.
- There was an increase in the Debt Service Fund cash balance of \$214,311 for an ending balance of \$560,596, due to the City receiving special assessments.
- The Capital Projects Fund cash balance decreased \$44,580 to \$87,879.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance increased by \$20,374 to \$60,369 during the fiscal year.
- The Enterprise, Sewer Fund cash balance increased by \$4,530 to \$134,528 during the fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amended budget was approved on April 13, 2015 to provide for additional \$39,500 in disbursements to provide for additional disbursements for the culture and recreation, and capital projects. The second budget amendment was approved April 27, 2015 to provide another \$15,000 in disbursements for capital projects. The City had sufficient cash balances to absorb these additional costs.

The City's receipts were \$225,700 more than budgeted. This was primarily due to the City receiving special assessment revenues.

DEBT ADMINISTRATION

At June 30, 2015, the City had \$2,995,000 in general obligation bonds and notes outstanding, compared to \$3,178,248 at the end of the prior year, as shown below.

Outstanding Debt at Year-End		
	June 30,	
	2015	2014
Fire truck note	\$ 75,000	
General obligation bonds	2,920,000	3,178,248
Total	<u>\$ 2,995,000</u>	<u>3,178,248</u>

Debt increased as a result of the City assuming the note on a fire truck.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,995,000 is below its constitutional debt limit of approximately \$4,200,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Ventura's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for various City activities. Economic factors in the area remain steady as the county unemployment rate remains one of the lowest in the state.

These among other economic factors were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are \$1,100,723, a decrease of 1.2% from the final 2015 budget. Budgeted disbursements are expected to increase by \$50,428. The City has committed to purchasing a new dump truck and installing new water meters in residents homes.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$70,824 by the close of 2016. Actual amounts can and usually do differ from budgeted amounts.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Else Taylor, City Administrator, 101 Sena Street, Ventura, Iowa.

BASIC FINANCIAL STATEMENTS

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Operating Grants, Charges Contributions for and Restricted Service Interest		Governmental Activities	Business Type Activities	Total
Functions / Programs:						
Governmental activities:						
Public safety	\$ 148,617			(148,617)		(148,617)
Public works	147,546	42,731	74,555	(30,260)		(30,260)
Health and social services	1,290			(1,290)		(1,290)
Culture and recreation	113,426	230	20,331	(92,865)		(92,865)
Community and economic development	7,219			(7,219)		(7,219)
General government	106,604			(106,604)		(106,604)
Debt service	338,406			(338,406)		(338,406)
Capital projects	44,580			(44,580)		(44,580)
Total governmental activities	907,688	42,961	94,886	(769,841)		(769,841)
Business type activities:						
Water	81,340	101,427			20,087	20,087
Sewer	33,771	37,996			4,225	4,225
Total business type activities	115,111	139,423			24,312	24,312
Total	\$ 1,022,799	182,384	94,886	(769,841)	24,312	(745,529)
General Receipts:						
Property tax levied for:						
General purposes				\$ 298,705		298,705
Debt service				238,928		238,928
Special assessments				275,946		275,946
Local option sales tax				111,217		111,217
Unrestricted interest on investments				2,429	592	3,021
Miscellaneous				134,772		134,772
Total general receipts				1,061,997	592	1,062,589
Change in cash basis net position				292,156	24,904	317,060
Cash basis net position beginning of year				956,054	169,993	1,126,047
Cash basis net position end of year				\$ 1,248,210	194,897	1,443,107
Cash Basis Net Position						
Restricted:						
Expendable:						
Streets				\$ 57,733		57,733
Debt service				560,596		560,596
Other purposes				316,999		316,999
Unrestricted				312,882	194,897	507,779
Total cash basis net position				\$ 1,248,210	194,897	1,443,107

See notes to financial statements.

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2015

	General	Special Revenue		Debt Service	Capital Project	Total
		Road Use Tax	Local Option			
Receipts:						
Property tax	\$ 298,705			238,928		537,633
Other city tax	2,532		111,217	2,032		115,781
Licenses and permits	6,023					6,023
Use of money and property	28,741		120			28,861
Intergovernmental	83,369	74,555		1,335		159,259
Charges for services	42,961					42,961
Special assessments				275,946		275,946
Miscellaneous	33,380					33,380
Total receipts	495,711	74,555	111,337	518,241		1,199,844
Disbursements:						
Operating:						
Public safety	73,617		75,000			148,617
Public works	71,155	70,671	5,720			147,546
Health and social services	1,290					1,290
Culture and recreation	113,426					113,426
Community & economic development	7,219					7,219
General government	106,604					106,604
Debt service				338,406		338,406
Capital projects					44,580	44,580
Total disbursements	373,311	70,671	80,720	338,406	44,580	907,688
Excess (deficiency) of receipts over (under) disbursements	122,400	3,884	30,617	179,835	(44,580)	292,156
Other financing sources (uses):						
Operating transfers in				34,476		34,476
Operating transfers out	(34,476)					(34,476)
Total other financing sources (uses)	(34,476)			34,476		
Change in cash balances	87,924	3,884	30,617	214,311	(44,580)	292,156
Cash balances beginning of year	347,010	53,849	76,451	346,285	132,459	956,054
Cash balances end of year	\$ 434,934	57,733	107,068	560,596	87,879	1,248,210
Cash Basis Fund Balances						
Restricted For:						
Debt service				560,596		560,596
Streets		57,733				57,733
Other purposes	\$ 42,351		107,068		87,879	237,298
Assigned	79,701					79,701
Unassigned	312,882					312,882
Total cash basis fund balances	\$ 434,934	57,733	107,068	560,596	87,879	1,248,210

See notes to financial statements.

City of Ventura

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2015

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 101,427	37,996	139,423
Total operating receipts	101,427	37,996	139,423
Operating disbursements:			
Business type activities	81,340	33,771	115,111
Total operating disbursements	81,340	33,771	115,111
Excess of operating receipts over operating expenses	20,087	4,225	24,312
Non-operating receipts:			
Interest on investments	287	305	592
Net non-operating receipts	287	305	592
Change in cash balances	20,374	4,530	24,904
Cash balance beginning of year	39,995	129,998	169,993
Cash balances end of year	\$ 60,369	134,528	194,897
Cash Basis Fund Balances			
Unrestricted	\$ 60,369	134,528	194,897
Total cash basis fund balances	\$ 60,369	134,528	194,897

See notes to financial statements.

CITY OF VENTURA

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The City of Ventura is a political subdivision of the State of Iowa located in Cerro Gordo. It was first incorporated in 1960 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Ventura has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Ventura Protection Association Board, Landfill of North Iowa Board, Community Fire Board and Library Board.

B. Basis of Presentation

Government-wide Financial Statements – The Cash Basis Statement of Activities and Net Position reports information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has elected to report all governmental funds as major funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Fund is used to account for local option tax receipts and disbursements.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the construction of capital facilities.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) **Cash**

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) **Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 240,000	76,068
2017	245,000	73,143
2018	245,000	69,463
2019	250,000	65,093
2020-2024	1,265,000	235,689
2025-2027	750,000	49,310
	<u>\$ 2,995,000</u>	<u>568,766</u>

(4) **Pension and Retirement Benefits**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

The City's contributions to IPERS for the year ended June 30, 2015 were \$13,729.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$86,988. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.0021934 percent, which was a decrease of 0.0001361 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$6,511, \$4,784 and \$(33,175) respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	\$ 164,362	86,988	21,667

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

(5) Other Postemployment Benefits(OPEB)

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 2 active members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

The dental benefits are provided through a fully-insured plan with Delta Dental. Retirees pay the same premium for the dental benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$1,093 for family coverage for medical/prescription drug benefits and \$77 for family coverage for dental benefits. The same monthly premiums apply to retirees. For the year ended June 30, 2015 the City contributed \$26,342.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours are accumulated for subsequent use but are not paid upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and comp time to employees at June 30, 2015, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount June 30, 2015</u>
Vacation	\$6,493
Comp Time	<u>3,315</u>
Total	<u>\$9,808</u>

This liability has been computed based on rates of pay as of June 30, 2015.

(7) Related Party Transactions

The City had business transactions between the City and City officials totaling \$508 during the year ended June 30, 2015.

CITY OF VENTURA

Notes to Financial Statements (continued)

June 30, 2015

(8) Risk Management

The City of Ventura is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ <u>34,476</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(10) Commitments

The City approved the purchase of a new dump truck at a total cost of \$116,635 which will be paid for in late 2015. A project to replace the City's water meters will begin in August 2015 and will be ongoing for several months.

(11) Date of Management Evaluation

The City has evaluated subsequent events through November 19, 2015, the date which financial statements were available to be issued.

OTHER INFORMATION

City of Ventura

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 537,633		537,633	536,833	536,833	800
Other city tax	115,781		115,781	104,653	104,653	11,128
Licenses and permits	6,023		6,023	5,080	5,080	943
Use of money and property	28,861	592	29,453	33,476	33,476	(4,023)
Intergovernmental	159,259		159,259	150,442	150,442	8,817
Charges for services	42,961	139,423	182,384	193,900	193,900	(11,516)
Special assessments	275,946		275,946	75,000	75,000	200,946
Miscellaneous	33,380		33,380	14,775	14,775	18,605
Total receipts	1,199,844	140,015	1,339,859	1,114,159	1,114,159	225,700
Disbursements:						
Public safety	148,617		148,617	191,683	191,683	43,066
Public works	147,546		147,546	155,758	155,758	8,212
Health and social services	1,290		1,290	2,000	2,000	710
Culture and recreation	113,426		113,426	105,140	114,640	1,214
Community and economic development	7,219		7,219	9,335	9,335	2,116
General government	106,604		106,604	107,053	107,053	449
Debt service	338,406		338,406	338,407	338,407	1
Capital projects	44,580		44,580		45,000	420
Business type activities		115,111	115,111	157,243	157,243	42,132
Total disbursements	907,688	115,111	1,022,799	1,066,619	1,121,119	98,320
Excess (deficiency) of receipts over (under) disbursements	292,156	24,904	317,060	47,540	(6,960)	324,020
Balances beginning of year	956,054	169,993	1,126,047	951,582	951,582	174,465
Balances end of year	\$ 1,248,210	194,897	1,443,107	999,122	944,622	498,485

See accompanying independent auditor's report.

City of Ventura

Notes to Other Information – Budgetary Reporting

June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year two budget amendments increased budgeted disbursements by \$54,500. The budget amendments are reflected in the final budgeted amounts.

City of Ventura
Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.0021934%
City's proportionate share of the net pension liability	\$ 86,988
City's covered-employee payroll	\$ 144,882
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.04%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Ventura
Schedule of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 13,729	12,938	11,699	10,275	8,792	8,204	11,251	6,634	5,833	7,171
Contributions in relation to the statutorily required contribution	(13,729)	(12,938)	(11,699)	(10,275)	(8,792)	(8,204)	(11,251)	(6,634)	(5,833)	(7,171)
Contribution deficiency (excess)										
City's covered-employee payroll	\$ 53,740	144,882	134,935	127,318	126,507	123,375	162,119	109,645	101,438	111,443
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.94%	6.05%	5.75%	6.43%

See accompanying independent auditor's report.

City of Ventura

Notes to Other Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

City of Ventura

Schedule of Indebtedness

Year ended June 30, 2015

Obligation	Date of Issue	Rate of Interest	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
General Obligation:								
Community Center	7/30/2003	4.00%	\$ 155,000	25,000		25,000		1,125
Dredging Loan	7/29/2008	1.25	56,250	8,248		8,248		103
Street Project	9/29/2011	.60-3.45	3,515,000	3,145,000		225,000	2,920,000	39,215
Fire Truck Loan	7/1/2010	0.00	150,000	90,000		15,000	75,000	
Total general obligation bonds				\$ 3,268,248		273,248	2,995,000	40,443

See accompanying independent auditor's report.

CITY OF VENTURA

Bond and Note Maturities

June 30, 2015

Year Ending June 30,	GENERAL OBLIGATION					Total
	Fire Truck Loan		Street Project			
	Issued July 1, 2010		Issued September 29, 2011			
	Interest Rates	Amount	Interest Rates	Amount		
2016	0.00%	\$ 15,000	1.30%	225,000	240,000	
2017	0.00%	15,000	1.60	230,000	245,000	
2018	0.00%	15,000	1.90	230,000	245,000	
2019	0.00%	15,000	2.20	235,000	250,000	
2020	0.00%	15,000	2.40	240,000	255,000	
2021			2.60	245,000	245,000	
2022			2.85	250,000	250,000	
2023			2.95	255,000	255,000	
2024			3.10	260,000	260,000	
2025			3.25	260,000	260,000	
2026			3.35	270,000	270,000	
2027			3.45	220,000	220,000	
Total		\$ 75,000		2,920,000	2,995,000	

See accompanying independent auditor's report.



Renner & Birchem, PC

Certified Public Accountants

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ventura, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2015. Our report expressed modified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ventura's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ventura's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ventura's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Ventura's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-15 through I-C-15 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ventura's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Ventura's Responses to Findings


The City of Ventura's responses to findings identified in our audit are described in the accompanying Schedule of Findings. City of Ventura's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion of them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ventura during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

November 19, 2015


Renner & Birchem, P.C.
Britt, Iowa

City of Ventura
Schedule of Findings
Year Ended June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

I-A-15 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts functions and the cash disbursement functions are all done by the same person.

Recommendation - We realize that with a limited number of employees segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-15 Posting of Financial Transactions – Receipts and disbursements were not always posted to the correct accounts.

Recommendation – More care should be exercised when posting transactions to reduce the incidence of mispostings.

Response – In the future, more care will be exercised when posting transactions.

Conclusion - Response acknowledged.

I-C-15 Accounting Policies and Procedures Manual – The City does not have an accounting policies and procedures manual.

Recommendation – An accounting policies and procedures manual should be developed to provide the following benefits:

- (1) Aid in training additional or replacement staff.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or similar, situation arises.

City of Ventura
Schedule of Findings
Year Ended June 30, 2015

Part I: Findings Related to the Financial Statements: (continued)

Response – The City will investigate the possibility of obtaining or developing an accounting policies and procedures manual.

Conclusion – Response accepted.

Instances of Non – Compliance:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

II-B-15 Questionable Disbursements – We noted no disbursements that do not meet the requirements of public purpose as defined in Attorney General’s opinion dated April 25, 1979.

II-C-15 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-D-15 Business Transactions – No business transactions between the City and City officials or employees were noted.

II-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-15 Council Minutes - No transactions were found that we believe should have been approved in the council minutes but were not.

City of Ventura

Schedule of Findings

Year Ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting: (continued)

I-G-15 Deposits and Investments – The City has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa. In addition, a resolution naming official depositories has been adopted by the City Council as required by Chapter 12C.2 of the Code of Iowa. However, the maximum amount which may be kept on deposit in each depository is not stated in the resolution.

Recommendation – The City should adopt a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa. In addition the City Council, by resolution, should approve amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12C.2 of Code of Iowa.

Response – We will adopt a written investment policy and resolution to approve amounts of depositories.

Conclusion – Response accepted.